

DRPT Freight Rail Grant Funding & Procedures

TRANSFORMING
FREIGHT IN VIRGINIA

CONNECTED BY DRPT



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Introduction

The Freight Rail Enhancement to Increase Goods and Highway Throughput (FREIGHT) program is a funding program of the Virginia Department of Rail and Public Transportation (DRPT); created pursuant to § 33.2-1526.4. This section of the Code of Virginia establishes the Commonwealth Rail Fund (CRF) seven percent of which is dedicated to DRPT for planning purposes and for grants for rail projects.

This document establishes the FREIGHT program as a grant with funds sourced from CRF, and provides guidance to administer the FREIGHT grant program, evaluate and accept applications, award funds, monitor project progress, and track performance.



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§ 33.2-1526.4. Commonwealth Rail Fund

“...The remaining seven percent shall remain in the Fund for the Department of Rail and Public Transportation for planning purposes and for grants for rail projects not administered by the Virginia Passenger Rail Authority.”

Purpose and Mission

DRPT and the Commonwealth are dedicated to creating a competitive multimodal network that provides choices for transportation users; system redundancies to increase network resilience; opportunities for economic growth; and increased access for all users.

The FREIGHT program is dedicated to increasing the capacity and improving the functionality of the freight rail network as a vital component of the Commonwealth's multimodal network.

**INCREASE GOODS
MOVEMENT**

**REDUCE HIGHWAY
MAINTENANCE**

**IMPROVE
ECONOMY**

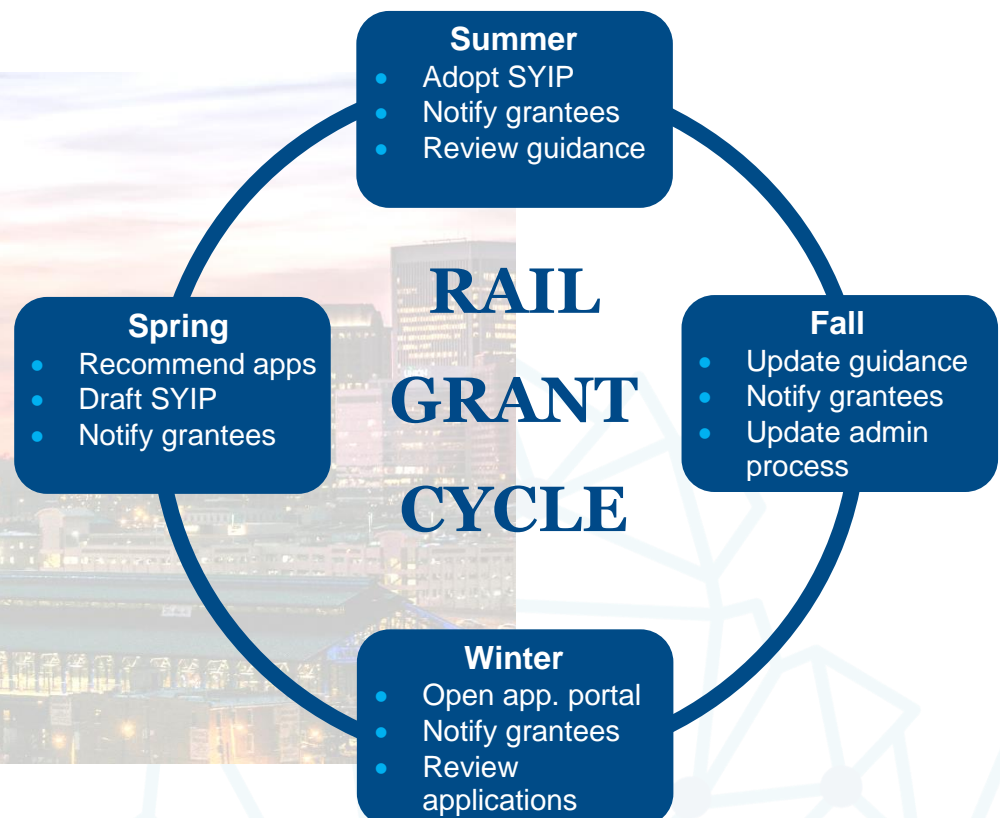
Grant Cycle

The FREIGHT program follows the existing DRPT grant cycle; aligning with established rail, transit and transportation demand management (TDM) grant programs administered by DRPT.

The grant cycle follows an annual schedule. The application period opens December 1, remaining open and accepting applications for two months, closing on February 1.

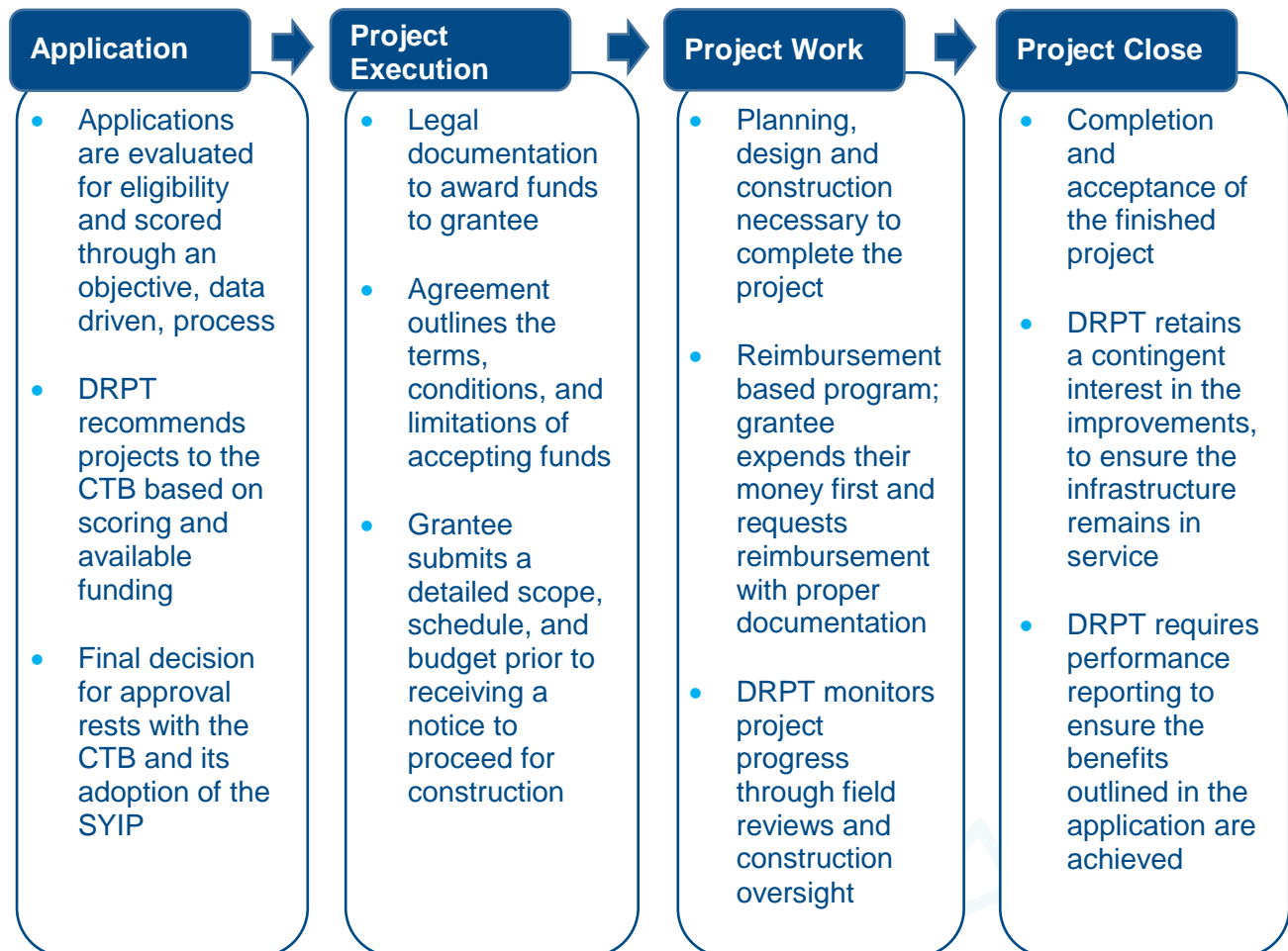
This schedules allows DRPT staff to review applications, collect additional information as needed, evaluate applications, and make recommendations to the Commonwealth Transportation Board (CTB) in advance of the adoption of the Six-Year-Improvement-Program (SYIP) in June each year.

DRPT staff communicates with grantees at multiple points throughout the grant cycle. Grantees are notified of how each application is evaluated and scored; updated on DRPT recommendations to the CTB; and provided confirmation of funding once the SYIP is adopted. In addition, DRPT staff solicits input from grantees regarding potential process improvements to be incorporated into program procedures as necessary.



Process to Safeguard Funds

The FREIGHT program includes four major elements that are outlined below and further detailed in this guidance document. The approach for each element of the program includes a methodology to safeguard the expenditure of Commonwealth funds.

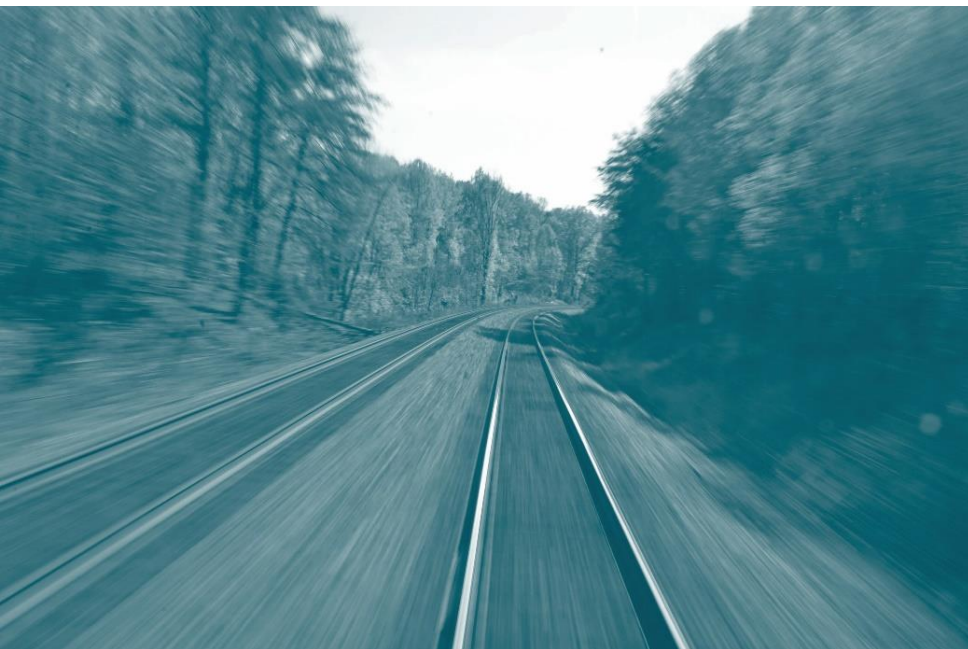


Application Process

Initiation

DRPT prepares announcements of the application period and requests applications. Information is also posted on the DRPT website. Applicants must submit applications within the advertisement period as identified by DRPT. The application must include comprehensive information; allowing DRPT to appropriately evaluate the application and understand the project impacts and benefits. The application form is attached as an appendix for reference.

Applications are submitted via the Online Grant Application (OLGA) system, located at: <https://olga.drpt.virginia.gov>. The application form is included as an appendix for reference, and on DRPT's website at: <https://www.drpt.virginia.gov/ongoing-grant-programs/>. The OLGA website includes instructions for establishing an account and backs up each application electronically.



Evaluation

Using the OLGA system, the DRPT Project Manager applies two levels of review to evaluate each application. The first level, includes an evaluation of the application eligibility and completeness. During the first level of review, the DRPT project manager will request additional information from the applicant, if needed.

The second level of review includes a scoring evaluation using the criteria outlined below.

Approval

Based on the application review, scoring evaluation, and funding availability, DRPT develops recommendations for the CTB. The CTB will approve and allocate funds to specific projects into the Six Year Improvement Plan (SYIP). Once CTB has made selections, DRPT:

- Sends notification to the Applicants of CTB's decision
- Notifies the public of approved projects
- Posts approved projects on DRPT website



Application Eligibility and Scoring

Core Eligibility

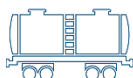
Projects must comply with the core eligibility requirements of the FREIGHT program in order to move to the second phase of the application process; scoring. The eligibility requirements include the following three criteria:



Align with state goals



Network capacity expansion



Minimum of 30% design complete



ALIGN WITH STATE GOALS:

The purpose of the FREIGHT program is to strengthen the multimodal network in Virginia. Each project funded by the FREIGHT program must meet at least one goal of the Statewide Rail Plan (SRP). The SRP is developed in coordination with the Secretary of Transportation, and its partner agencies, to strengthen the multimodal network in Virginia, and outlines the goals and objectives to achieve that vision.

NETWORK CAPACITY EXPANSION:

To strengthen the multimodal network, the FREIGHT program seeks to increase capacity of the freight rail network, and therefore increase rail carload throughput. Capacity expansion can take the form of building rail infrastructure to increase physical capacity; improved operational capacity to increase throughput; and/or increasing customer demand through improved rail management practices. All projects must drive an increase in freight rail carload throughput.

The FREIGHT program will accept applications for study/design projects that seek to further the readiness of a project for construction. Studies must achieve at least 30% level of design, but

can also include planning, environmental analysis, and permitting, as applicable. The ultimate construction project being designed, must align with the state rail plan goals and be a rail network capacity expansion.

PROJECT READINESS:

To further safeguard Commonwealth funds, any construction projects must have at least 30% design completed prior to application. This will ensure more accurate cost estimates, reducing cost overruns and unexpected scope increases. Applications for design, or non-construction projects, do not require 30% design plans.

Detailed Eligibility

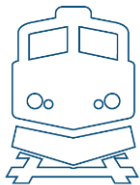
To further detail the core eligibility requirements, DRPT has developed a definition of common terms; and a list of eligible projects and recipients, and non-eligible projects:

- **Eligible Recipients:** Freight rail operators, Virginia Port Authority, local and regional governments, non-profit organizations, private companies, any combination thereof
- **Railways:** Permanent track that is part of a greater transportation network used for the movement of people and goods by train. Including mainline track, sidings, yards, terminals, storage tracks and all associated infrastructure necessary for operation, such as, but not limited to, signal systems; excludes industrial lead tracks and/or private storage facilities not owned by an established rail operator, or contributing capacity to the greater rail transportation network.
- **Railroad Equipment and Rolling Stock:** Any vehicles that operate on a railway that has a primary purpose of goods; excludes construction equipment or equipment with the primary purpose of loading/unloading goods.
- **Right-of-Way:** Land acquired for the direct purpose of completing an eligible project; and/or land acquired to improve operational capacity and increase network demand.
- **Facilities:** Facilities directly related to servicing rolling stock, which has the effect of adding capacity to the network.



The Applicant must, at a minimum, provide Design and Construction in accordance with the American Railway Engineer and Maintenance of Way Association (AREMA). Design and construction criteria may go beyond AREMA standards to meet any agreed upon basis of design and Grantee established standards which are compliant with FRA Track Safety Standards. The applicant also must provide or have provided continuous maintenance of the completed project.

Eligible Projects



- Railways: Mainline, siding, crossover, yards, terminals, and storage tracks
- Railroad equipment
- Rolling stock
- Right-of-way acquisition
- Rail facilities
- Signaling
- Engineering and design
- Environmental
- 30% design complete

Eligible Recipients



- Freight rail operators
- Virginia Port Authority
- Local and regional governments
- Non-profit organizations
- Private companies
- Any combination thereof

Not Eligible



- Railroad operating expenses
- Passenger rail subsidies
- Passenger rail capacity expansion
- Equipment to handle, store, process, load, or unload goods

Application Scoring

All grant applications must meet the core eligibility requirements in order to move to the scoring stage of the application process. Data-driven scoring relies on objective evaluation measures that allow for comparison across multiple projects that may vary in scope, price, and benefit.

Benefit-Cost Analysis	Point Values
<ul style="list-style-type: none"> 3 points = BCA score below 50th percentile of applications 6 points = BCA score 50th percentile or above 7 points = project with highest BCA score 	Benefit-Cost Analysis 7
Matching Funds <ul style="list-style-type: none"> 2 points = 30% match 3 points = 40% match 6 points = 50% match 	Matching Funds 6
Project Readiness <ul style="list-style-type: none"> 2 points = 60% design complete 4 points = 90% design complete 	Project Readiness 4
Statewide Goal Alignment <ul style="list-style-type: none"> 1 point awarded for each goal met in Statewide Rail Plan (up to 3 points) 	Statewide Goals 3
	Total 20

Benefit Cost Analysis

The benefit cost analysis (BCA) model was developed, used for over a decade under DRPT's previous Rail Enhancement Program (REF) grant guidance, and continually updated to use the most up-to-date metrics and methodologies. In general, the BCA evaluates the monetary benefits of diverting truck traffic off of Virginia highways, by increasing rail throughput. The complete BCA model user manual is included as an appendix for reference, and updates are housed on the OLGA website at: <https://olga.drpt.virginia.gov>.

Applicants will provide the necessary information for the DRPT Project Manager to complete the BCA calculations. An application must score a benefit cost ratio of at least 1.0 – indicating that the benefit of the project exceeds the cost of the project – in order to receive any points in this category.

Matching Funds

The contribution of matching funds are critical to leverage Virginia's limited rail funding resources, and demonstrates commitment from the grantee to ensure efficient project execution. Applicants can receive more points in the scoring process by contributing more matching funds.

Project Readiness

Completing advanced design reduces the chances for cost overruns and unexpected scope expansion. For construction projects, 30% design is required, but additional design is encouraged to further project readiness. Applicants can receive more points in the scoring process by having completed higher levels of design prior to application.

Statewide Goal Alignment

The statewide goals for rail development are included in the SRP; and developed as part of an open and public process called VTrans, which is led by the Office of Intermodal Planning and Investment (OIPI), in coordination with the Secretary of Transportation and partner agencies responsible for multimodal transportation planning in Virginia. The current goals include:

- Optimize Return on Investment
- Ensure Safety, Security and Resiliency
- Efficiently Deliver Programs
- Consider Operational Improvements First
- Ensure Transparency and Accountability, and Promote Performance Management
- Improve Coordination between Transportation and Land Use
- Ensure Efficient Intermodal Connections
- Support Regional Economic Development

Further details regarding the goals and objectives of the SRP are outlined in the Executive Summary, which is attached as an appendix for reference.

Scoring Design/Study Applications

Applications that do not include a construction element are scored using only the Statewide Goal Alignment and the Matching Funds criteria. As a result, all application scores are normalized as a ratio of the total points received by the total points available. In so doing, both construction and non-construction projects can be evaluated under this process.

Project Approval

Based on the application review, scoring criteria, and available funding, DRPT develops project approval recommendations for the CTB. The CTB will approve and allocate funds to specific projects into the Six-Year Improvement Plan (SYIP).

Once CTB has made selections, DRPT:

- Sends notification to the applicants of CTB's decision
- Notifies the public of approved projects
- Posts approved projects on DRPT website
- Issues Letter of No Prejudice on specific projects with conditions, if necessary

Grant Management

The grant management process continues the process to safeguard Commonwealth funds through project execution, project work, and project closeout.

Project Execution

Contracting is a two-step process, where an agreement is written to obligate funding to the grantee, and after further development of a project scope, schedule and budget, the notice to proceed authorizes project construction.

Agreements

Grantee projects in the FREIGHT program are governed by a Grant Agreement developed in consultation with the Office of the Attorney General. This agreement outlines all terms and conditions of receiving funds, including; common rules, procedures and requirements for all projects and grantees. The agreement also includes project specific details regarding the specific scope and budget for the project.

Notice to Proceed

The execution of the Grant Agreement serves as an initial, but limited, Notice to Proceed (NTP) by DRPT for the work associated with any initial planning to further refine the scope, schedule and budget. The grantee may conduct any stakeholder outreach, environmental planning and/or design and engineering in order to complete a detailed scope, schedule, and budget for construction. Once developed, the grantee will submit a NTP request via OLGA, including submission of the most up-to-date scope, schedule and budget for DRPT review and approval.

Upon approval of the NTP, the grantee is then authorized to proceed with construction.

Project Work

Project management is the responsibility of the grantee, and all grant expenses will be reimbursement based.

DRPT Oversight

DRPT maintains a project oversight role in grant projects, and expects the grantee to actively serve as project manager. DRPT will conduct site visits periodically throughout construction to monitor progress, ensure invoices received are covered by work completed in the field, and discuss any foreseeable risks with the grantee's site manager. The grantee is required to submit a project progress report with every invoice that details the project status, indicating whether the project is on-schedule and on-budget, and identifying any potential risks to either budget or schedule.

Reimbursement

Using the Grants Management system in OLGA, the Grantee will create and submit reimbursement requests. The Grantee can submit reimbursement requests as necessary based on project progress and expenditure rates; however, no more frequently than once every 30-days. The Grantee is responsible for choosing the correct project to invoice against, noting the correct invoice amount, and attaching supporting documentation prior to invoice submission. DRPT will review the invoice documentation to ensure charges are appropriate for project work; timesheets for labor and receipts for direct expenses have been included; and Virginia travel guidelines have been followed – according to the Commonwealth Accounting Policies and Procedures (CAPP) Manual found here:

doa.virginia.gov/reference/CAPP/CAPP_Summary_Cardinal.shtml.

If the reimbursement request is accurate and properly documented, DRPT will approve and pay the invoice according to the Virginia 30-day prompt pay guidance.

Project Closeout

Upon project completion, the grantee has two primary responsibilities, maintaining the infrastructure for active service and continually reporting network activity.

Contingent Interest

The Grantee must complete the project according to the approved scope, schedule, budget and agreements. Upon project completion, the Grantee has 90 days to submit the final invoice to DRPT. DRPT performs a final site review and processes final payment. The Grantee is required to maintain and make available all documentation regarding project cost for a period of three years from the date of final payment from DRPT. DRPT retains an ownership interest in the project improvements for a period of 6 years, or longer as determined by the BCA results. This contingent interest in the improvements ensures the project work remains in service, at a state of good repair, for the entire 6 year (or longer) period. Any change, sale or transfer of the project improvements must be approved by DRPT, per the terms of the signed Grant Agreement.

Contingent Interest

Upon completion of the project, the grantee is required to report its annual network activity, i.e. number of rail carloads per year. This enables DRPT to better understand the benefits of investing in the freight rail network, and evaluate future project applications from the grantee. Project reporting is required for a period of 6 years after project completion, or longer as determined by the BCA results.

Contact



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Appendices

Appendix A: Application Form

Contact Information

Application Form

*** Required**

1. Email *

2. Application / Project Name *

3. Grantee Contact Information (Company, Primary POC, Email, Address, Phone) *

Project Eligibility

4. Project is for design work only, or is a construction project to expand the rail network: *

Mark only one oval.

☐ Yes

☐ No

5. Project has at least 30% design: *

Mark only one oval.

☐ N / A (Design Project Only)

☐ 30%

☐ 60%

☐ 90%

6. Project meets the following goals in the Statewide Rail Plan: *

Check all that apply.

- ☐ Optimize return on investments
- ☐ Ensure safety, security, and resiliency
- ☐ Efficiently deliver programs
- ☐ Consider operational improvements and demand management first
- ☐ Ensure transparency and accountability and promote performance management
- ☐ Improve coordination between transportation and land use
- ☐ Ensure efficient intermodal connections
- ☐ Support regional economic development

Project Description

7. Project Description *

8. Detailed Scope of Work *

9. Project Location *

Budget Information

10. Total Budget by Phase (Final Design, ROW, Construction, etc.) *

11. Total Budget by Year (FY23 - FY28) *

12. Local Match Provided: *

Mark only one oval.

- ☐ 0%
- ☐ 10%
- ☐ 20%
- ☐ 30%
- ☐ 40%
- ☐ 50%
- ☐ 60%
- ☐ 70%
- ☐ 80%
- ☐ 90%

13. Matching Fund Source: *

Project Schedule

14. Design Start *

Example: January 7, 2019

15. Design End *

Example: January 7, 2019

16. ROW Start *

Example: January 7, 2019

17. ROW End *

Example: January 7, 2019

18. Construction Start *

Example: January 7, 2019

19. Construction End *

Example: January 7, 2019

Project Benefits

Benefit-Cost-Analysis Inputs

20. Current Annual Railcar Demand *

21. Average Tons Per Railcar *

22. Average Railcars Per Train *

23. Current Route Length (In Virginia only) *

24. After Project Route Length (N/A if no additional length added) *

25. Truck Trip Distance *

26. Number of Rail Crossings Removed *

27. New Annual Rail Car Demand (Year 1) *

28. New Annual Rail Car Demand (Year 2) *

29. New Annual Rail Car Demand (Year 3) *

30. New Annual Rail Car Demand (Year 4) *

31. New Annual Rail Car Demand (Year 5) *

32. New Annual Rail Car Demand (Year 6) *

Appendix B: BCA Manual

Appendix C: Statewide Rail Plan – Executive Summary

TRANSFORMING FREIGHT IN VIRGINIA



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